

THE VALUE OF MONEY

Money gives people decision-making opportunities. Everyday spending decisions can have a far greater negative impact on your financial future than any investment decisions you may ever make. Educating, motivating and empowering yourself to become regular savers and investors will enable you to keep more of the money you earn and do more with the money you keep!



10 Commandments of Personal Finance for Young People

Written by Loren Dunton, NCFE Founder and President

- Thou shall NOT put out more money than taken in.
- Thou shall spend money thinking of your future as well as your present.
- Thou shall remember that compound interest is never retroactive.
- Thou shall NOT collect credit cards nor use them carelessly.
- Thou shall honor always thy debts and obligations.
- Thou shall develop a spending plan and spend money on savings or investments.
- Thou shall always search for interest rates that offer a good return.
- Thou shall live moderately today and not worship the god of materialism.
- Thou shall practice dollar-cost averaging in your investing.
- Thou shall obtain a financial education so as to be no one's fool.

Attention, Young People: Are you a good spender?

Try This Young Spender's Profile

Written by Paul Richard, NCFE Director of Education

Practically everyone loves to spend money usually, surveys say, "because it's fun." Spending money is even more fun and exciting, however, when it is carefully planned in advance, because it will buy even more. But the advertising messages are seemingly irresistible, that millions of Americans, young and old, routinely take on expensive short term credit card debt in addition to wasting 20 to 30 percent of their money, because of poor spending habits and practices.

Consider the extent to which some merchants and credit card issuers will go in order to entice people to spend beyond their incomes: no fee and low fee credit cards, instant credit approvals, first-time buyer programs, sweepstakes and contests where chances of winning are increased with each credit-based purchase, extended manufacturers warranty programs, replacement insurance programs and, of course, "cash back with every purchase."

Everyday spending decisions, especially credit based ones will have a far more negative impact on your financial future than any investment decision you may ever make. Take heed: Spending is the key to savings, spending is the key to a prosperous financial future.

It is not just credit-based spending decisions that get people into trouble. Some people who have either exhausted credit or ruined their credit rating have no trouble overspending at all. Cash slips through their fingers so fast that at the end of the day, if they started out with \$30, they often have less than \$3 remaining and will have great difficulty determining just where it was all spent. Does that sound familiar?



SPENDING PERCEPTION SCALE

Following are 20 statements pertaining to spending techniques. There are five responses to select from which indicate the degree of your likeness to each statement. Just mark the number in the space provided. Should a statement not apply to your situation, skip it and adjust the scoring accordingly. The scoring section follows afterwards.

1. Totally like me
2. A lot like me
3. Equally like and unlike me
4. A little like me
5. Not like me at all

1. ____ Each time I receive any money, I usually put a small amount of cash aside as savings.
2. ____ Each time I receive any money, I usually deposit it into a checking or savings account.
3. ____ I keep track of the money I receive from all sources.
4. ____ I set aside a pre-determined portion of my money for regular weekly expenses.
5. ____ I set aside ten percent of the money I receive for savings.
6. ____ My money is managed (both spending & savings) according to a written spending-plan.
7. ____ My food and grocery spending is planned in advance and done with a list.
8. ____ I rarely make less than two trips a-week to the grocery or convenience store.
9. ____ Grocery and other coupons are utilized whenever possible.
10. ____ Comparison shopping for quality, value, price, etc. is something I do for practically every purchase, large or small.

11. ____ I do not have any credit cards with a balance owing.
12. ____ I do not have any loans with balance owing.
13. ____ I have comparison shopped for food and clothing in the last year.
14. ____ I don't dine out (breakfast, lunch or dinner) two times a-week.
15. ____ I have received an earnings statement from Social Security.
16. ____ I account for all my cash spending by collecting receipts.
17. ____ I balance checking/share draft accounts with each statement.
18. ____ I have looked into joining and/or am a member of a credit union.
19. ____ I am saving money towards my college education.
20. ____ I have given money/food to needy person in the last two weeks.

TOTAL ____

SCORING

17-27 = VERY PERCEPTIVE. Time to teach others how to do it.

28-42 = Pretty Good. Concentrate on improving a few weaker areas.

43-58 = Average. An hour a-week on improving spending = \$ Savings.

59-75 = Lousy. Immediate changes required to avoid disaster - read on.

75 + = It Stinks! Send a self-addressed, double-stamped envelope to:

**Securities Division
Arizona Corporation Commission
1300 W. Washington, 3rd Floor
Phoenix, Arizona 85007**

How to Develop Improved Spending Techniques and Practices

- Write down all of the poor spending practices that you need and want to change.
- Write down how you plan to bring about the changes in each area.
- Construct a cash-flow sheet showing income and expenses.
- Set up and implement a spending plan.
- Discontinue borrowing and use of all credit cards
- Begin collecting and making notes on your cash purchase receipts.
- Begin saving one dollar-a-day (or dollars) and all pocket change, everyday.
- Look for alternatives and substitutes to spending.
- Start utilizing cents-off coupons and mail in for rebates.
- Wait for the sales. Comparison shopping can save more than 50 percent.
- Take advantage of factory seconds rebuilt and used items where practical.
- Start doing things for yourself that others were paid to do previously.
- Separate shopping trips (when comparing prices, value, reparability, etc.) from spending trips (when actually making the purchase). Avoid carrying credit cards, much cash or a checkbook on the shopping trips.





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